DOCUMENT RESUME

ED 122 899 JC 760 285

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TITLE	Real Estate Curriculum for Community Colleges.
INSTITUTION	Oregon State Dept. of Education, Salem. Career and Vocational Education Section.
PUB DATE	Apr 76
NOTE	36p.
AVAILABLE FROM	Documents Clerk, Oregon Department of Education, 942 Lancaster Drive, N.E., Salem, Oregon 97310 (free to Oregon educators; others, $1.25)
EDRS PRICE	MF-$0.83 HC-$2.06 Plus Postage.
DESCRIPTORS	Associate Degrees; Community Colleges; Core Curriculum; *Course Content; *Course Descriptions; *Curriculum Guides; *Junior Colleges; *Real Estate; Real Estate Occupations
IDENTIFIERS	*Oregon

ABSTRACT

The Oregon Department of Education has prepared this curriculum guide to assist community college personnel in developing or upgrading real estate programs. This fast-growing field has demanded that community colleges analyze the course content of such programs so that they are relevant to the actual needs of the industry. An Advisory Committee for Real Estate worked jointly with the Instruction Division in identifying the key areas of real estate, in locating authors in specialty areas of real estate to develop the course outlines, and in developing a uniform curriculum to assure educational quality and transferability. Completion of the program can lead to a certificate of completion in real estate or an associate degree. The associate degree requires 90 credit hours of real estate, related general business, and general education courses. This guide includes the course descriptions and topical outlines for six core courses (Real Estate Principles and Practices, Real Estate Computations, Real Estate Law I, Real Estate Finance I, Real Estate Transactions I, Real Estate Appraisal I) and for seven elective courses (Real Estate Law II, Real Estate Finance II, Real Estate Transactions II and III, Real Estate Appraisal II, Real Estate Brokerage Functions, Real Estate Exchange and Taxation). The licensing requirements in Oregon are included. (Author/BHS)

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real estate curriculum for community colleges

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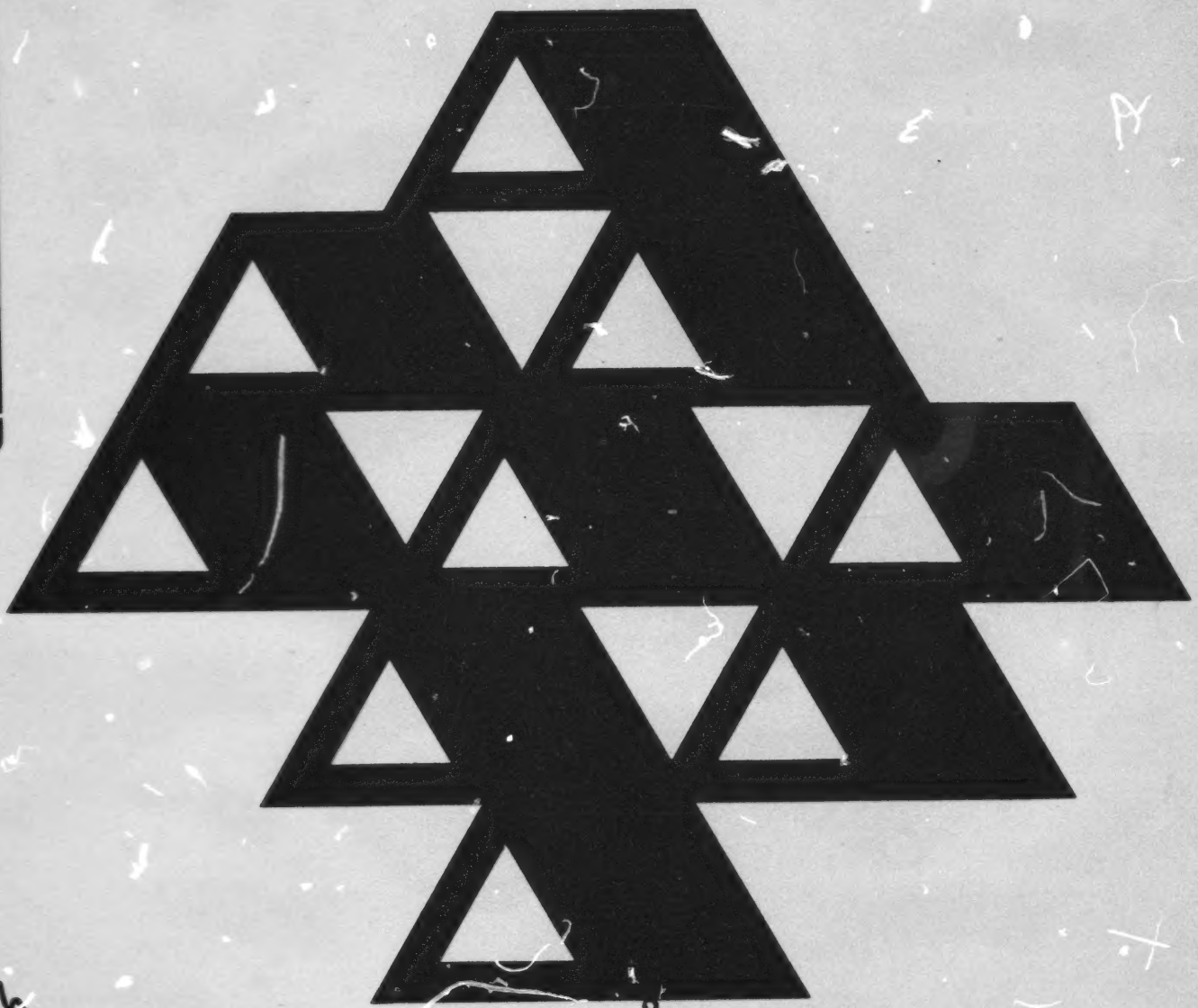

2

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REAL ESTATE CURRICULUM
FOR
COMMUNITY COLLEGES

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Career and Vocational Education
Curriculum Development Unit

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April 1976

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FOREWORD

Since 1965, when the *Real Estate Curriculum Guide* was first published, a growing number of community colleges and other educational agencies have started programs to provide opportunities for people seeking the challenge of a new occupation. During recent years, industrial representatives have made an increasing effort to provide educational services appropriate for the growing Oregon real estate industry.

Real estate practitioners contribute an essential quality to the growth of our economy. They act as catalysts in promoting the construction and transfer of ownership of homes and the development of farm and business enterprises. Real estate licensees counsel, manage, appraise and, through thousands of daily transactions, contribute to the widespread ownership of land and other real property.

To carry out their responsibilities to the public, real estate licensees must be familiar with law, economics, psychology, marketing and management. They must be skilled in the techniques of human relations, knowledgeable in the use of a great variety of documents, and, above all, imbued with the spirit of professional service.

We hope this guide will be helpful to those who are developing educational programs in the area of real estate.

Verne A. Duncan
State Superintendent of
Public Instruction

PREFACE

The Instruction Division, Career and Vocational Education, is now developing a total career program in Oregon's schools. It is placing high priorities on programs for individuals who want to upgrade their skills or enter rapidly expanding occupational areas.

This real estate curriculum was proposed in 1974 by an ad hoc committee who recognized the need to analyze existing real estate education. Committee members felt that course content could be more relevant to the needs of the real estate industry. The committee contained representatives from several community colleges, the Division of Continuing Education, the Oregon State Real Estate Division, the Oregon Association of Realtors and the Oregon Department of Education.

The committee identified eight major specialty areas of real estate: Title and Escrow, Residential Sales, Commercial-Industrial Investment, Leasing Agent and Property Management, Appraiser-Analyst, Developer-Builder, Farms and Recreation Land Sales and Brokerage.

Department of Education curriculum personnel selected several individuals who were prominent in the indicated specialty areas. ODE personnel interviewed each to determine areas of required proficiency. The committee compared interview results to determine common and unique areas of proficiency. From this sorting process, it developed outlines of courses that would provide entering students with a solid foundation of real estate principles and allow them to progress sequentially toward a selected area of specialization.

Further, the ad hoc committee hoped that, once it developed a uniform real estate curriculum, a student could transfer from one community college to another without sacrificing educational quality and consistency. Students need this assurance since they must compete for jobs which require a high degree of proficiency.

The committee hopes that this book, which is in outline form, will help start new programs and improve existing community college real estate programs. Eventually, the Department would like to expand this outline even more. If you have questions or comments, contact the Instruction Division, Career and Vocational Education, or the Real Estate Division of the Department of Commerce.

Monty Multanen, Director
Career and Vocational Education

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for
Real Estate

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Central Oregon Community College

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Oregon Association of Realtors

Suggested Preparatory Curriculum in Real Estate

Completion of the real estate program can lead to both an associate degree and to a certificate of completion in real estate. The primary difference between the two programs lies in the non-real estate courses required. The Associate Degree program requires at least 90 credit hours of real estate, related general business and general education courses. The Certificate program requires completion of the real estate courses only, unless a course is required as a prerequisite.

By having dual programs the community colleges will serve the following groups of students:

1. post-high school students who want to enter real estate as a vocation,
2. post-high school students who want to complete the first two years of college prior to transferring to a college or university which grants a baccalaureate degree,
3. real estate licensees who wish to improve their professional performance through additional education,
4. interested lay persons who seek to improve their understanding in real estate topics.

Associate Degree Program

The Associate Degree program in real estate would include the courses involved in the Certificate program in addition to at least six general business courses and six general education courses. It is designed to be completed in six consecutive terms, but completion within that period is not mandatory. Successful completion of this program will qualify the graduate for an Associate Degree of Applied Science in Real Estate.

Certificate Programs

The Certificate programs in real estate shall have two levels of designation: Real Estate Certificate and Senior Real Estate Certificate. The Real Estate Certificate shall be granted to a student who receives at least a 2.00 GPA after completing the core program of six real estate courses plus two elective real estate courses. The Senior Real Estate Certificate shall be granted to a student who receives at least a 2.00 GPA after completing the Real Estate Certificate program and all seven elective real estate courses.

Both certificates will be granted jointly by the Oregon Real Estate Division and the community college that provided the courses.

Minimum Required Courses

The courses included in the Associate Degree and the Certificate programs are listed on the following page.

	Program Requirements		
	REC*	SREC*	AD*
a) Basic Real Estate Core Courses			
1. Real Estate Principles & Practices	X	X	X
2. Real Estate Computations	X	X	X
3. Real Estate Law I	X	X	X
4. Real Estate Finance I	X	X	X
5. Real Estate Transactions I	X	X	X
6. Real Estate Appraisal I	X	X	X
Subtotal	6	6	6
b) Elective Real Estate Courses			
1. Real Estate Law II	A	X	X
2. Real Estate Finance II	N	X	X
3. Real Estate Transactions II	Y	X	X
4. Real Estate Appraisal II		X	X
5. Real Estate Transactions III	T	X	X
6. Real Estate Exchange & Taxation	W	X	X
7. Real Estate Brokerage Functions	O	X	X
Subtotal	2	7	7
Total Real Estate Courses	8	13	13
c) General Business Elective	0	0	6
d) General Education Courses	0	0	6
e) Unrestricted Electives	0	0	6
Total Courses	8	13	31
Expressed as quarter hours	24	39	93

*REC=Real Estate Certificate
*SREC=Senior Real Estate Certificate
*AD=Associate Degree of Applied Science in Real Estate

Sequence of Courses

It is suggested that the recommended courses be completed in this sequence. Other courses on the same topic and at the same level but with different titles may be substituted for the indicated prerequisite courses if they are not offered in a specific community college.

a) Associate Degree Program

First Term	Second Term	Third Term
Real Estate Principles and Practices	Real Estate Computations	Real Estate Transactions I
Business Math	Real Estate Law I	Real Estate Finance
Business Law	Marketing	Real Estate Law II
Economics I	Accounting I	General Salesmanship
Speech	Economics II	English Composition I

Fourth Term	Fifth Term	Sixth Term
Real Estate Finance II	Real Estate Appraisal I	Real Estate Appraisal II
Real Estate Transaction II	Real Estate Transaction III	Real Estate Exchange and Taxation
Business Ethic.	Elective	Real Estate Brokerage Functions or Real Estate Work Experience
English Composition or Business English	Elective	Elective
Psychology or Human Relations	Elective	

B) Certificate Program

1) Required Courses

	Real Estate Certificate Initial	Senior
Real Estate Principles & Practices	X	X
Real Estate Computations	X	X
Real Estate Law I	X	X
Real Estate Finance I	X	X
Real Estate Transactions I	X	X
Real Estate Appraisal I	X	X

2) Advanced Courses

Real Estate Law II	A	X
Real Estate Finance II	N	X
Real Estate Transactions II	Y	X
Real Estate Transactions III		X
Real Estate Appraisal II	T	X
Real Estate Exchange & Taxation	W	X
Real Estate Brokerage Functions	O	X

Thirteen Proposed Real Estate Courses

Six Core Courses

1. Real Estate Principles & Practices
2. Real Estate Computations
3. Real Estate Law I
4. Real Estate Finance I
5. Real Estate Transactions I
6. Real Estate Appraisal I

Seven Electives

7. Real Estate Law II
8. Real Estate Finance II
9. Real Estate Transactions II
10. Real Estate Appraisal II
11. Real Estate Transactions III
12. Real Estate Brokerage Functions
13. Real Estate Exchange & Taxation

Real Estate Principles and Practices

3 class hrs/wk
3 term credits

Prerequisites:

Course Description: This is an introductory course for those entering the real estate industry. The course assumes no prior real estate knowledge or experience. It provides a broad, general overview of the functions performed, the applicable laws and regulations, and the details involved in the buying and selling of real property.

Topic Areas

1. Review of the Real Estate Program

    a. AS or AA degree
    b. Real Estate Certificate program
    c. Work Experience/Apprenticeship program
    d. Outline of course topics
    e. Flow of courses and course topics

2. The Real Estate Act

    a. Licensure: levels, attainment, maintenance
    b Licensee functions
    c. Violations and penalties

3. Real Estate Law Topics

    a. Classes of property
        1) real property and fixtures
        2) personal property
    b. Ownership rights–rights and extents
    c. Government reserved rights
        1) taxation
        2) eminent domain
        3) police powers
        4) escheat
    d. Classification of ownership by rights
        1) freehold estates
        2) leasehold estates
            a) by duration
            b) by method of compensation
    e. Classification of ownership by number of parties
        1) severalty
        2) concurrent ownership
            a) tenancy by the entirety
            b) tenancy in common
            c) joint tenancy
    f. Conveyance instruments
        1) deed forms–types and differences
        2) lease
        3) statute of frauds
    g. Encumbrances on title
        1) lien and the types
        2) easements and the types
        3) deed restrictions/restrictive covenants
    h. Title insurance
        1) coverage and noncoverage
        2) use
        3) types
    i. Acknowledgment and recording
        1) protection
        2) how done
    j. Real property taxation in detail
        1) calendar
        2) how paid, discounts, penalties
        3) foreclosure

4. Real Estate Finance Topics

   a. Need for financing
   b. Types of instruments and sequence of creation
      1) mortgage
      2) trust deed
      3) land sale contract
   c. Available loan programs and their characteristics
      1) Federal Housing Authority (FHA)
      2) federal Veterans' Administration (VA)
      3) Oregon Department of Veterans' Affairs
      4) conventional
   d. Basic foreclosure procedures
   e. Purchasing encumbered property

5. Real Estate Appraisal Topics

   a. Purpose
   b. Market value and highest and best use
   c. Three approaches to value
      1) market
      2) income
      3) cost

6. Real Estate Transactions Topics

   a. Requirement for writing
   b. Sequence of documents
      1) employment contract
      2) earnest money receipt
      3) option
      4) closing statement

7. Land Use Controls

   a. Local
   b. State
   c. Federal

8. Real Estate Securities

   a. Defined
   b. Dangers of violation

Real Estate Computations

Prerequisites: Competency in Basic Math and Real Estate Principles and Practices or instructor approval

Course Description: A course designed to present a wide scope of mathematical calculations and manipulations common to real estate transactions, appraisals, and investment and market analyses.

Topic Areas

1. Area Calculations

    a. From dimensions given
        1) building
        2) lot or land
        3) portion of parcel (as percentage of total)
    b. From legal descriptions
        1) compass bearing described
        2) government survey
        3) approximation of area for irregularly shaped parcels
    c. Area conversions
        1) sections to acres
        2) feet to chains to rods to miles
        3) acres to square feet (and vice versa)
        4) square feet to square yards to roofers' square
        5) ratio of gross area to net area
    d. From unit cost and unit value
        1) square foot unit cost
        2) cubic foot unit cost
        3) lineal foot unit cost

2. Commission Calculations

    a. Commission as a percent of gross sale price
    b. Net sale price marked up for commissions and seller's closing costs
    c. Net sale price after fees and commission
    d. De-escalating commission rate

3. Equity and Net Equity

    a. Calculation of equity
    b. Calculation of net equity

4. Taxes and True Cash Value (TCV) and Tax Rates

    a. Amount of the tax
    b. Forecasted change due to assessment or revised tax rates

5. Amortization of a Debt As Divided Into Principal and Interest

    a. Public assessments (equal amortization of principal)
    b. Mortgage amortization (equal payments of principal and interest)
    c. Property taxes--periodic payments, interest on delinquent payments
    d. Interest due on a promissory note
    e. Increase in reserve payment due to increased taxes and insurance

6. Discount Points

    a. FHA and federal VA mortgage loan discount calculation
        1) amount of discount
        2) net loan after discount
    b. Real property tax prepayment discounts
        1) amount of discount
        2) net tax payment

12

7. Lease Payments

   a. Gross or straight lease payments from a lessor's viewpoint
      1) calculation of size of payment
      2) calculation of net after payment
   b. Net lease payments from a lessor's and lessee's viewpoint
      1) calculation of total payment
      2) calculation of net rental payment
   c. Percentage lease payments from a lessee and lessor's viewpoint (gross revenues only)
   d. Net Lease with a percentage kicker based on gross revenues only

8. Proration of Closing Statement Item Entries

   a. Real property taxes (exclusive of reserves)
      1) proration date before July 1
      2) proration date after July 1
   b. Property insurance
   c. Interest on interest bearing debts
      1) mortgage
      2) bankrupt special assessment
   d. Rents
      1) collected in advance
      2) in arrears
   e. Items not prorated
      1) principal
      2) deposits
      3) reserves

9. Buyer's Move-in Cost Estimate

10. Seller's Net Cash on Closing Estimate

11. Depreciation

   a. Depreciation allowance calculations
      1) division into depreciable and nondepreciable
      2) calculation of depreciation allowance per annum
         a) straight line
         b) accelerated depreciation
            b-1) 125%
            b-2) 150%
            b-3) 200%
   b. Depreciation for appraisal purposes
      1) cost to cure proven by math (cost-benefit analysis)
      2) rent loss approach (economic obsolescence)
      3) accrued depreciation

12. Operating Statement

   a. Calculated to net operating income (fixed and variable expenses)
   b. Calculated to cash flow before taxes

13. Capitalization of Income as an Estimate of Value

    a. Overall rate of return (cap rate)
    b. Equity rate of return
        1) cash flow to equity
        2) principal reduction to equity
        3) equity rate of return (both components)

14. Gross Rent Multiplier

    a. Gross rent multiplier formula
    b. Market rent vs. contract rent (influence on value)

Real Estate Law I — 3 class hrs/wk, 3 term credits

Prerequisites: Competency in Real Estate Principles & Practices, Real Estate Computations or licensee status & instructor approval

Course Description: This is a follow-up course to the introduction of legal topics presented in Real Estate Principles and Practices. It applies Oregon Real Estate Law to ownership use and to transfer of real property. This course will involve contracts, titles, deeds, leases, liens, covenants, conditions, restrictions, easements, estates, probate and landlord-tenant relationships.

Topic Areas

1. Sources of Law and Oregon Real Estate Law

    a. Legislature
    b. Court interpretation
    c. Uniform Commercial Code (UCC) (as it relates to personalty)

2. Classes of Property

    a. Real property
    b. Personal property
    c. How each is owned and conveyed

3. Fixtures

    a. How created and conveyed
    b. Problems in a real estate transaction

4. Legal Description Systems

    a. Government survey
    b. Metes and bounds
    c. Lot and block
    d. Effect of inadequate descriptions

5. Conveyance Instruments

   a. Deeds
   b. Bill of sale
   c. Court decree
      1) suit to quiet title
      2) divorce

6. Notice, Recording and Acknowledgment

7. Forms of Ownership

   a. Duration
   b. By owners
      1) severalty
      2) concurrent

8. Leasehold Estates

   a. Types by duration
      1) estate for years
      2) periodic tenancy
      3) estate at will
      4) estate at sufferance
   b. Rights
      1) landlord-tenant act
      2) actions to enforce

9. Encumbrances in General Terms

   a. Liens
   b. Easements
   c. Deed restrictions
   d. Restrictive covenants
   e. Cloud on title

10. Types of Liens

   a. General in nature
      1) federal income tax lien
      2) Oregon income tax lien
      3) judgment creditors' lien
   b. Specific in nature
      1) real property tax lien
      2) special assessment lien
      3) mechanics' lien
      4) financing liens
         a) mortgage
         b) trust deed
         c) land sale contract
         d) Uniform Vendee Risk Protection Act

11. Types of Easements

    a. How created
        1) by nature
        2) by action
    b. How removed
    c. General group classifications of easements
        1) easement in gross
        2) easement appurtenant

12. Deed Restrictions

    a. How created
    b. How removed
    c. Effect of a violation

13. Restrictive Covenant

    a. How created
    b. How removed
    c. Effect of violation

14. Title Insurance

    a. Role of title insurance
    b. Types of policies reviewed
    c. Types of coverage reviewed
    d. The role of the title insurer

15. Agency

16. Misrepresentation

17. Sequence of Document

    a. Listing kits
    b. Preliminary report on title
    c. Amended report
    d. Title policy
    e. Claims

18. The Title Search

    a. The title plant
        1) how established
        2) how maintained
        3) how it differs from the county records
    b. The judgment file
    c. The title search
        1) procedure–information needed, how attained
        2) re-examination procedures
    d. Preparation of reports

e. Verification
   1) price and terms
   2) legal description– conflicts, encroachments, etc.
   3) tax records
   4) deed restrictions and restrictive covenants
   5) Soundex and General Index
   6) vestee of record
   7) tax lot descriptions
f. Issuance of the preliminary report to title

19. Clearing Exceptions

a. Searching exceptions
b. Last minute problems and encumbrances
c. Additional costs of the amended report
d. Issuance of the amended report

20. Issuance of the Title Policy

a. To buyer
b. To lender
c. Recording of documents

21. Claims on Title Insurance Losses

Real Estate Finance I

3 class hrs/wk
3 term credits

Prerequisites: Real Estate Principles & Practices, Real Estate Computations I, and Real Estate Law I

Course Description: This course will deal with the methods for financing the acquisition and transfer of real property. It will consider the mortgage, trust deed and land sale contract as it relates to the financing and refinancing of real estate.

Topic Areas

1. Money

a. How created
b. How regulated (summary)
   1) monetary policy
   2) fiscal policy
c. Financial market: money market and capital market
d. Fluctuations in mortgage money availability

2. Operation of the Mortgage Market

a. Primary mortgage market
b. Secondary mortgage market
c. Participants in each level
d. Basic functions

3. Mortgage Loan Procedures

   a. Mortgage loan variables
   b. Costs and protections to the borrower
   c. Demanded protections of the lender
   d. Lending regulations (reg., usury, etc.)

4. Lending Instruments

   a. Mortgage
   b. Trust deed
   c. Land sale contract
   d. Parties in each
   e. Parts of each instrument
   f. Clauses common to each instrument

5. Foreclosures and Remedies

   a. Default
   b. Actions and redemptions
   c. Foreclosure procedures of each instrument
   d. Other remedies in lieu of foreclosure

6. Existing loan programs

   a. Conventional
      1) without private mortgage insurance
      2) with private mortgage insurance
      3) Federal Land Bank
   b. Programs in which government is involved
      1) FHA
      2) Federal Veterans Administration (VA)
      3) Oregon Department of Veterans' Affairs
      4) Farmers Home Administration
   c. Review of basic rules and policies
   d. Construction loans and improvement loans
   e. Federal and state regulations
      1) regulation
      2) usury
      3) reserves
   f. Real Estate Settlement and Procedures Act (RESPA)

7. Qualifying the Borrower and Counseling the Seller

   a. Qualifying questions
   b. Preliminary loan interview
   c. Obtaining the loan

8. Innovative Financing Procedures

   a. Optimal financing
   b. Seller as lender
   c. Innovative financing
   d. Assumptions vs. refinance vs. wrap-around
   e. How financing influences value
   f. Exchange and trade-in as down payment

Real Estate Transactions I 3 class hrs/wk
3 term credits

Prerequisites: Competency in Real Estate Principles & Practices, Real Estate Computations or instructor approval

Course Description: This is a course designed to orient the student to the chronological sequence of events and documents involved in the listing, selling and closing of a real estate transaction.

Topic Areas

1. Employment Contracts
   a. Seller's agency
      1) types and differences
         a) Exclusive Right to Sell (ERTS)
         b) Exclusive Agency (EA)
         c) Non-Exclusive Right to Sell (NERTS)
         d) memorandum of employment
      2) uses of each
   b. Buyer's agency
   c. Fee agreement
   d. Leasing agency
   e. Appraisal letter of employment
   f. Escrow instruction
   g. Property management
   h. Memorandum of employment

2. Earnest Money Receipt
   a. Sale
   b. Lease
   c. No agent (buyer-seller)

3. Owner's Counter Offer

4. Option–Principals Only

5. Option to an Undisclosed Buyer

6. Promissory Note
   a. Demand
   b. Installment

7. Earnest Money Accountability
   a. Client trust account
   b. Neutral escrow

8. Title Reports
   a. Preliminary report
   b. Title report

9. Lease Option Reviewed

10. Sale-Leaseback and Sale-Leaseback-Buy Back reviewed

11. Estimated Closing Statement in Detail

12. Closing Statement in Detail

    a. Preparation (both buyer's and seller's closing statement)
        1) cash out
        2) assumption and cash out
        3) assumption and carry back
        4) wrap around
        5) refinance
        6) exchange
        7) foreclosure
        8) clouded title
    b. Sources of information
    c. Verification
    d. Execution
    e. Follow-up

13. Escrow Procedures

    Chain of documents
    a. Requirements of an escrow
    b. Earnest money receipt and option
    c. Escrow instruction fee schedule
    d. Closing statement
    e. Assumption documents
    f. Refinancing documents
    g. Contingencies
    h. Reserves
    i. Escrow file
    j. Receipt and disbursement of funds
    k. Title insurance
    l. Preparation of documents
    m. Recording of documents
    n. Payment books
    o. Satisfaction instruments
    p. Retention of records and files

Real Estate Appraisal I — 3 class hrs/wk, 3 term credits

Prerequisites: Competency in Real Estate Principles & Practices, Real Estate Computations, Real Estate Law I, Real Estate Finance I, Real Estate Transactions I or instructor approval

Course Description: In this course, the student will analyze and discuss basic principles, methods and techniques to determine the value of real estate in connection with the transfer of ownership, finance and credit, condemnation and taxation.

Topic Areas

1. The Real Estate Appraiser

    a. Role in a transaction or in the market
    b. Sources of employment and points of market entry
    c. License requirements
    d. Knowledge requirements
    e. Summary of the appraisal process
    f. Types of appraisals performed and types of value definitions

2. The Appraisal Process

    a. In greater detail from start to finish
    b. Sequence of events and the three approaches
    c. Restrictions and limiting conditions

3. Definition of the Appraisal Problem

    a. In detail
    b. Sequential process

4. Preliminary Value Survey and the Appraisal Plan

    a. In detail (includes highest and best use)
    b. Sequential process

5. Data Collection

    a. Sources
    b. Collection and documentation
    c. Processing and ordering of data
    d. Conclusion of highest and best use

6. The Market Approach to Value

    a. Concept of the approach
    b. Investigation of comparability
    c. Reinvestigation of highest and best use
    d. Adjustments of sales data
    e. Application
        1) lots
        2) acreage
        3) house
        4) income property

7. The Income Approach to Value

    a. Concept of the approach
    b. Analysis of rent
        1) contract rent
        2) market or economic rent
    c. Capitalization rate
        1) how to calculate from the market
        2) components

d. Gross rent multiplier
e. Application
   1) rental house and duplex
   2) leased income properties

8. The Cost Approach to Value

   a. Concept and basic formula
   b. Valuation of improvements
      1) replacement cost
      2) reproduction cost
   c. Depreciation estimate
      1) physical deterioration
      2) functional obsolescence
      3) economic obsolescence
      4) curable or incurable depreciation
         a) methods of defining value loss
         b) accrued depreciation
   d. Land valuation
      1) by the market approach
      2) by the income approach
   e. Value as estimated by the cost approach

9. Correlation of Estimates and Conclusions

   a. Weighted conclusion
   b. Final estimate
   c. Range of values and most probable sale price

10. Writing the Appraisal Report

   a. Letter of value report
   b. Summary or form report
   c. Narrative appraisal report
   d. Danger of advocacy
   e. Presenting the report

Real Estate Law II (Elective)

3 class hrs/wk
3 term credits

Prerequisites: Satisfactory completion of the basic core courses

Course Description: This continues the material in Real Estate Law I, including land use controls, subdivisions and dedication, building and construction, zoning and building ordinances. It will involve wills and descent, homestead, planned unit developments, foreclosures and redemption, racial integration in housing, special assessments and federal income tax.

Topic Areas

1. The Employment Contract

   a. Legal implications only
   b. Multiple listing

2. The Earnest Money Receipt

   a. Ascribe vs. draft
   b. Legal implications

3. The Option

   a. Legal implications
   b. How it differs from an earnest money receipt

4. The Closing Statement

   a. Legal implications
   b. Liabilities

5. The Loan Application

   a. Legal implications
   b. Liability and obligations

6. The Escrow Instructions

   a. Legal implications
   b. Liability and obligations

7. The Mortgage, Trust Deed and Land Sale Contract

   a. Legal implications only
   b. Recordings
   c. Memorandum
   d. Escrow involvement

8. Misrepresentation and Insurable Liability

9. Subdivision and Building Codes

10. Legal Audit Trails

11. Building and Demolition Permits

12. The Broker-Attorney Relationship

13. Caveat Emptor and Caveat Vendator

14. Subdivision Laws

   a. Partitions
   b. Subdivisions
   c. Platting
   d. Notice and approvals
      1) real estate division
      2) local planning commission
      3) Housing and Urban Development (HUD) property report

15. The Landlord-Tenant Act

    a. Investigated in depth
    b. Summarized

Real Estate Finance II (Elective)

3 class hrs/wk
3 term credits

Prerequisites: Competency in core program or instructor approval

Course Description: In this course, the student will study a more detailed investigation of local lending institution policies, of mortgage lending and alienation and of the influence of financing upon investment benefits received. The course will trace the financing process from prelisting to closing. The student will also learn to write an earnest money receipt to include specific financing details. He or she will learn how to select optimal financing to suit a series of restricted situations.

Topic Areas

1. The Influence of Financing Upon Investment Value

    a. Cash flow
    b. Principal reduction
    c. Band of investments–equity rate of return

2. Local Lending Institution Policies

    a. Institutions
        1) commerical banks
        2) savings and loans
        3) mutual savings banks
        4) Oregon Department of Veterans' Affairs
        5) Farmer's Home Administration
    b. Policies concerning:
        1) refinance
        2) assumption
        3) wrap around
        4) prepayment
        5) variable interest rate
        6) reserves
        7) other policies

3. Tracing the Financing Process

    a. Premarketing analysis
    b. During the marketing effort
    c. Upon sale
        1) earnest money receipt or option
        2) precise financing stipulations
        3) loan application
        4) escrow instructions
        5) closing the loan and the transaction
        6) lenders title insurance
        7) loan costs

4. Writing Earnest Money Receipts for

   a. Assumption and cash on closing
   b. Assumption and carry-back
   c. Assumption and exchange
      1) real property
      2) personal property
      3) each as earnest money
   d. wrap around
   e. refinancing
   f. substitution of collateral
   g. substitution of securing instruments

5. Loan Applications

6. Negotiation of the Loan

   a. Down payment
   b. Principal borrowed/credited
   c. Interest rate
   d. Term to maturity
   e. Repayment schedule
      1) plus interest
      2) including interest
      3) balloon payments
      4) escalating

7. Leverage

   a. Concept
   Application
   Positive and negative leverage

8. The Portfolio Concept

   a. Off-setting cash flow assets
   b. Tax shelter through financing

9. The Land Sale Contract

   a. Concept
   b. Proper drafting of earnest money receipt
   c. Escrow instructions
   d. Escrow
   e. Collection agency

10. Disposition of Encumbered Property

   a. Refinancing
   b. Assume and agree to pay existing lien
   c. Subject to existing encumbrances
   d. Exchange
   e. Sale lease back method
   f. Cash out method

Real Estate Transactions II (Elective)

3 class hrs/wk
3 term credits

Prerequisites: Competency in core program, Real Estate Law II and Real Estate Finance II, or instructor approval

Course Description: This course is a case study approach to simulated negotiations for a listing, an earnest money receipt and a counter-offer. It also covers closing statements for a house, rental property, leased commercial property, and apartment or farm property. The student will also learn to prepare legal documents in each of the areas covered in the course.

Case Study Approach

1. Selling a House (Owner Occupied)
    a. List
    b. Offer
    c. Counter
    d. Close
2. Purchasing with Personalty other than Money through Exchange Via an Earnest Money Receipt
3. Exchange (Trade-in) with Equity in Real Estate Via an Earnest Money Receipt
4. Apartment Complex
5. Leased Commercial
6. Leasing Procedures
    a. Selection of the documents
    b. Negotiation and renegotiation
    c. Closing
7. Sales Technique
8. Option-Feasibility
9. Lease Option
10. Closing Statements
    a. Assume and agree to pay
    b. Refinance
    c. Cash out

Real Estate Appraisal II (Elective)

2 class hrs/wk
2 lab hrs/wk
3 term credits

Prerequisites: Core Program (Recommended: Real Estate Finance II)

Course Description: This is a case study course designed for those students wishing to specialize in real estate appraisal and investment analysis. The course will concentrate upon complex aspects of valuation, such as condemnation, true cash value, partial takings and lease-hold appraising, as well as on courtroom testimony.

Topic Areas

1. Three Written Appraisal Reports

    a. Brief or summary format of single family residence
    b. Narrative appraisal—single family residence to four-plex rental property
    c. Narrative appraisal—large property typical of the area

2. Report Requirements

    a. Typewritten
    b. Include photographs
    c. To full professional standards
    d. Full documentation of the report

3. Sessions Oriented Toward Solution of Complex Appraisal Problems

    a. Condemnation appraising
    b. Partial interests and takings
    c. Leasehold estate valuation
    d. Appraisal report writing
    e. Court testimony and verbal defense of conclusion
    f. Logic of valuation approaches

Examinations

1. At least 70 percent of grade placed on appraisals

2. Up to 30 percent of grade placed on quizzes on selected appraisal topics

Real Estate Transactions III (Elective)

3 class hrs/wk
3 term credits

Prerequisites: Core program plus General Salesmanship

Course Description: This course will stress the marketing effort and the closing process, the development and servicing of a listing form, the selection of a marketing program that best suits both product and market and the application of ethical marketing techniques.

Topic Areas

1. Review of Agency Law

    a. Responsibilities of agency
        1) to principal
        2) to general public
    b. Legal formation of agency
        1) by expressed written agreement
        2) by implication

2. Review of Misrepresentation

    a. Occurrence
        1) commission
        2) omission
    b. Recourses and penalties
        1) if innocent mistake
        2) if by negligence of salesperson
        3) if by fraud

3. Review of Key Documents Involved in Sales Work

    a. Employment contract
        1) what is created (responsibility and liability)
        2) how terminated
    b. Earnest money receipt and option to purchase
        1) purpose
        2) salesman's responsibility and liability
            a) presentation of offer to principal
            b) accounting for money
            c) "time is of the essence"
    c. Counter offer
        1) purpose
        2) salesman's responsibility and liability
            a) presentation of counter offer
            b) "time is of the essence"
    d. Estimated closing statement
        1) buyer's move-in estimate
        2) seller's net proceeds estimate
        3) salesman's responsibility and liability of each
    e. Closing documents
        1) closing statements
        2) escrow instruction

4. Real Estate Salesmanship

    a. Purpose of a salesman/agent
    b. Investigation of the task
    c. Developing the marketing plan
        1) market analysis
        2) market segment
        3) financing prerequisites investigated
        4) legal prerequisites

d. Executing the marketing plan
   1) selection of media for market exposure
   2) initial presentation to qualified prospects
   3) follow-up and close
e. Documents
f. Closing the transactions
g. Post-sale follow-up

5. The Marketing Plan

a. Market analysis
   1) identification of neighborhood
   2) analysis of recent market activity
   3) preparation of a competitive market analysis
   4) available financing
   5) analysis of special legal problems
   6) analysis of the most probable buying segment
b. Marketing plan
   1) advertisement in the media most likely to reach the most probable buying segment
   2) contact prior clients
   3) contact the immediate neighbors (residential)
   4) contact the competition (mergers)
   5) qualify prospective buyers
      a) financial capacity
      b) expose the property
         b-1) physical inspection
         b-2) financial details
      c) stimulate a need
   6) take the order

6. The Listing "Farm"

a. Purpose
b. Selection of the area
   1) rapport with buyers and sellers of that type of asset
   2) familiarity with that type of asset
   3) definition of the physical boundaries
c. Collect basic information
   1) assessed values and tax data
   2) school boundaries (public and private)
   3) convenience and work centers
   4) transit routes
   5) public utilities and services
   6) traffic patterns
d. Prepare individual property forms
   1) public record information
   2) individual snapshots
   3) information concerning the owner and family
   4) pertinent financial data
e. Set a schedule of periodic interviews
   1) fill in the property forms
   2) question for motivation and data

7. Telephone Technique

   a. Using the phone as an extension of time and energy
   b. Goal of telephone communication
   c. Question/data card
   d. Proper attitude
   e. Projection of image

8. Advertising Technique

   a. Creation of desire to call
   b. Imagination vs. misrepresentation
   c. One ad for multiple properties
   d. Regulation Z
   e. Selection of data to include
   f. Timing and duration of ad vs. cost of running the ad
   g. Follow-up on responses

9. Time Management

   a. Set performance goals
   b. Allocate time toward performance
   c. Establish a system of priorities
   d. Use time on priority projects–focus
   e. Keep a detailed daily and weekly record of appointments and meetings
   f. Keep a diary of information
   g. Review projects daily and weekly

Real Estate Brokerage Functions — 3 class hrs/wk, 3 term credits

Prerequisites: Core program, Real Estate Law II, Real Estate Transactions II & III

Course Description: This course is designed for the individual aspiring to be a real estate broker. In this course, the student will learn the procedures involved in establishing and operating a brokerage firm of from three to ten sales persons.

Topic Areas

1. Review of Licensure Regulations and Requirements

   a. Levels of real estate licensure
   b. Authorized acts requiring licensure
   c. Licensure prerequisites and maintenance requirements
   d. Penalties for violation

2. Selection of the Office Concept and Image

   a. Type of service offered
   b. Service area
   c. Management concept and delegation of authority
   d. Professional esteem
   e. Capital limitations

f. Optimal staffing
g. Personnel job descriptions and characteristics
h. Equipment
i. Selection of legal and accounting counsel
j. Projected budget
k. Office location analysis
l. Professional organization affiliations

3. Financial, Legal and Accounting Considerations

a. Establish the records systems
   1) production files
   2) transactions files
   3) correspondence files
   4) tax records
b. Establish the withholding tax system
c. Insurance
   1) property and equipment
   2) liability
   3) errors and omissions
d. Legal review of common contractual documents
   1) independent contractor
   2) employees contracts
   3) transactional documents
e. Establish bank accounts
   1) operating account
   2) client trust account
   3) property management account

4. Establish Training Procedures

a. Establish the office policy manual
b. Establish a training program
c. Establish an office meeting schedule
d. Propose work assignments

5. Select Personnel

a. Office staff
b. Operating personnel
c. Managerial personnel

6. Schedule Work and Manage Personnel

a. The best person for an assignment or project
b. Promotion and merit awards
c. Fine and reprimand as necessary
d. Arbitrate disputes
   1) intra office
   2) inter office
e. Prepare and review documents

7. Seeking Projects and Business

    a. Advertising
    b. Personal contacts with spheres of influence
        1) lenders
        2) legal personnel
        3) account personnel
        4) executives

8. Existing Professional Organizations

    a. National Association of Realtors (NAR)
    b. Oregon Association of Realtors (OAR)
    c. Local board of realtors
    d. Others

2 Lab Sessions for Specialty Fields

1. Appraisal Brokerage

2. Property Management and Leasing Brokerage

Real Estate Exchange and Taxation — 3 class hrs/wk, 3 term credits

Prerequisites: Competency in core program or instructor approval

Course Description: This course is designed for those interested in working with investment-oriented real estate. The student will learn the basic elements of the property tax law in Oregon, and the various elements involved in property exchange.

Topic Areas: Investment Taxation

1. Phases of Investment Taxation

    a. During the investment
        1) income tax
        2) property tax
    b. Upon disposition (basis and gain)

2. Classes of Real Estate and Their Implication

    a. Personal residence
    b. Investment
    c. Trade and business
    d. Held for resale

3. Tax Shelters

    a. Property only
    b. Portfolio modifications

Topic Areas: Exchange

1. The Exchange

    a. Concept
    b. Flow of documents
    c. Terminology
    d. Organizations

2. To Sell or Exchange

    a. Tax consequences
    b. Constraints and limitations

3. Techniques of Counsel for Control

4. Equity–Gross vs. Net

    a. When to use each
    b. Balancing equities
    c. Documentation

5. The Exchange Documents

    a. How to create
    b. Innovative finance

6. Closing the Parties

    a. Conditions
    b. "in lieu of" method
    c. Analysis of both parties in the exchange (couplets)

7. Closing the Exchange

SUPERVISED WORK EXPERIENCE

Each student, unless already employed and actively working in real estate, shall complete at least 108 clock hours (3 credit hours) of on-the-job training in some aspect of real estate. Such training is viewed as an integral part of the educational process.

Each community college should appoint one person to coordinate the Supervised Work Experience (SWE) program for real estate. That person shall seek to place second year students with local real estate-oriented firms, title companies, escrow companies or lending institutions as requested by the student. The coordinator shall act as the community college liaison to the real estate community.

Students need not be licensed at the time of entry, but should be working actively toward a real estate license. The coordinator may request any additional in-class sessions deemed pertinent to the progress of the student. Whenever possible, this program should be made part of the existing SWE/CWE/SFE* program at the community college to avoid duplicity of function.

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*These are different titles for the same basic program:
SWE=Supervised Work Experience
CWE=Cooperative Work Experience
SFE=Supervised Field Experience

BIBLIOGRAPHY

For bibliographical assistance, it is suggested that you contact your local library, local branch of the Oregon Association of Realtors, or write:

National Association of Realtors
155 East Superior Street
Chicago, Illinois 60611

Another source of information would be:

Oregon Department of Commerce
Real Estate Division
Commerce Building
158–12th Street NE
Salem, Oregon 97310

LICENSING REQUIREMENTS

As of June 1, 1975, there are four recognized levels and individual real estate license designations issued and regulated by the Oregon Real Estate Division of the Department of Commerce.

1. Real Estate Salesman

   a. At least 18 years of age
   b. High school diploma or equivalent
   c. Citizen of the United States
   d. Resident of Oregon
   e. Proof of credit worthiness and good character
   f. Successfully complete a four hour written examination dealing with a wide range of real estate topics
   g. Be employed by a licensed real estate broker

2. Real Estate Broker

   a. Through f. same as Salesman
   g. At least three (3) years of active real estate experience
   h. Complete three (3) accredited real estate courses dealing with the topics of Real Estate Principles and Practices, Real Estate Finance, and Real Estate Law
   i. Activate the broker license with the licensee as designated broker

3. Associate Real Estate Broker

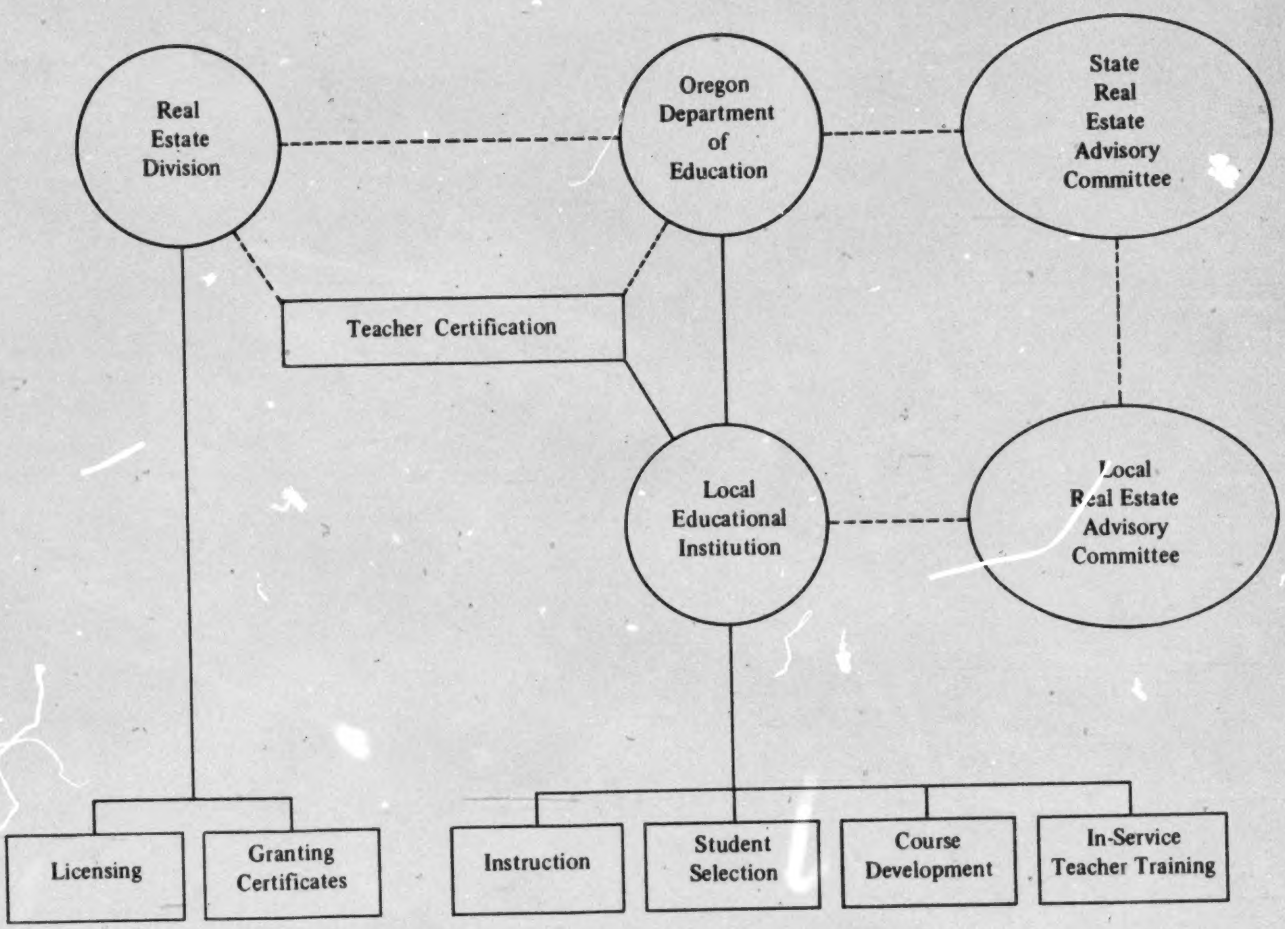
   a. Through h. same as for Broker
   i. Be employed by a licensed real estate broker

4. Real Estate Broker (Restricted to Appraisal)

   a. Through i. same as for Broker
   j. Complete an examination oriented about appraisal topics
   k. All brokerage actions are restricted to real estate appraisal assignments

REAL ESTATE TRAINING PROGRAM

Agency Relationship Chart



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